

The transcript of President Kennedy's news conference Yesterday:

The President: Good afternoon.

I have a statement to make. The Soviet Union and various Eastern European countries have expressed a willingness to buy from our private grain dealers at the regular world price several million tons of surplus American wheat or wheat flour for shipment during the next several months. They may also wish to purchase from us surplus feed grains and other agricultural commodities.

After consultation with the National Security Council, and informing the appropriate leaders of the Congress, I have concluded that such sales by private dealers for American dollars or gold, either cash on delivery or normal commercial terms, should not be prohibited by the Government. The Commodity Credit Corporation in the Department of Agriculture will sell to our private grain traders the amount necessary to replace the grain used to fulfill these requirements, and the Department of Commerce will grant export licenses for their sale with the commitments that these commodities are for delivery to and use in the Soviet Union and Eastern Europe only.

An added feature is the provision that the wheat we sell to the Soviet Union will be carried in available American ships, supplemented by ships of other countries as required. Arrangements will also be made by the Department of Commerce to prevent any single American dealer from receiving an excessive share of these sales.

No action by the Congress is required, but a special report on the matter will be sent to both Houses tomorrow.

Basically, the Soviet Union will be treated like any other cash customer in the world market who is willing and able to strike a bargain with private American merchants. While this wheat like all wheat sold abroad, will be sold at the

world price, which is the only way it could be sold, there is in such transactions no subsidy to the foreign purchaser; only a savings to the American taxpayer on wheat the Government has already purchased and stored at the higher domestic price which is maintained to assist our farmers.

This transaction has obvious benefit for the United States. The sale of four million metric tons of wheat, for example, for an estimated \$250 million, and additional sums from the use of American shipping, will benefit our balance of payments and gold reserves by that amount and substantially strengthen the economic outlook for those employed in producing, transporting, handling and loading farm products.

Wheat, moreover, is our number one farm surplus today, to the extent of about one billion unsold bushels. The sale of around 150 million bushels of wheat would be worth over \$200 million to the American taxpayer in reduced budget expenditures. Our country has always responded to requests for food from governments of people who needed it, so long as we were certain that the people would actually get it and know where it came from.

The Russian people will know they are receiving American wheat. The United States has never had a policy against selling consumer goods, including agricultural commodities, to the Soviet Union and Eastern Europe. On the contrary, we have been doing exactly that for a number of years, and to the extent that their limited supplies of gold, dollars and foreign exchange must be used for food, they cannot be used to purchase military or other equipment.

Our allies have long been engaged in extensive sales of wheat and other farm products to the Communist bloc, and, in fact, it would be foolish to halt the sales of our wheat when other countries can buy wheat from us today and then sell this flour to the Communist bloc. Australia and NATO allies have agreed to sell 10 million to

10 million tons of wheat and wheat flour to the Communist bloc.

This transaction advertises to the world as nothing else could the success of free American agriculture. It demonstrates our willingness to relieve food shortages, to reduce tensions, and to improve relations with all countries, and it shows that peaceful agreements with the United States which serve the interests of both sides are a far more worthwhile course than a course of isolation and hostility.

For this Government to tell our grain traders that they cannot accept these offers, on the other hand, would accomplish little or nothing. The Soviets would continue to buy wheat and flour elsewhere, including wheat flour, from those nations which buy our wheat. Moreover, having for many years sold them farm products which are not in surplus, it would make no sense to refuse to sell those products on which we must otherwise pay the cost of storage. In short, this particular decision with respect to sales to the Soviet Union, which is not inconsistent with many smaller transactions over a long period of time, does not represent a new Soviet-American trade policy. That must await the settlement of many matters. But it does represent one more hopeful sign that a more peaceful world is both possible and beneficial to us all.

Political Repercussions

Q: Mr. President, do you have any misgivings about possible political repercussions from your decision?

A: I suppose there will be some who will disagree with this decision. That is true about most decisions. But I have considered it very carefully and I think it is very much in the interest of the United States. As I said before, we have got one billion bushels of this in surplus, and American taxpayers are paying to keep it, and I think we can use the \$200 million or \$250 million of gold which will help our balance of payments. I think it is in our interest, particularly in view of the fact that the sales are being made by

CIA and Viet-Nam

Q: Mr. President, could you discuss some of the recent public accounts of CIA activities in South Viet-Nam, particularly in the stories or reports of how the CIA has undertaken certain independent operations, or independent of other elements of the American Government, that are in South Viet-Nam?

A: I must say I think the reports are wholly untrue. The fact of the matter is that Mr. (CIA Director John) McCone sits in the National Security Council. I imagine I see him at least three or four times a week, ordinarily. We have worked very closely together in the National Security Council in the last two months attempting to meet the problems we face in South Viet-Nam. I can find nothing, and I have looked through the record very carefully over the last nine months, and I could go back further, to indicate that the CIA has done anything but support policy. It does not create policy; it attempts to execute it in those areas where it has competence and responsibility. I know that the transfer of Mr. John Richardson (CIA official in Saigon) who is a very dedicated public servant, has led to surmises, but I can just assure you flatly that the CIA has not carried out independent activities but has operated under close control of the Director of Central Intelligence, operating with the cooperation of the National Security Council and under my instructions.

So I think while the CIA may have made mistakes, as we all do, on different occasions, and has had many successes which may go unheralded, in my opinion in this case it is unfair to charge them as they have been charged. I think they have done a good job.

information to members of Congress and to committees.

Q: By what means? You mean secret dispatches?

Q: Well, any information. The law doesn't say what it will be. It says that any Government employee can give information to members of Congress or to the committees.

A: Well, let me just say that the Secretary of State has been prepared to testify since August before the Internal Security Committee and discuss the case very completely.

Q: Well, but—

A: Excuse me. There was a hearing scheduled for early September, but because of the Labor Day weekend that hearing did not take place. The Secretary of State stands ready, and he is the responsible officer. Now the best thing to do is to give the Secretary of State a chance to explain the entire case; because in all frankness, your analysis of it is not complete.

Q: Would you like to complete it, sir?

A: I will be glad to have the Secretary of State talk to the Internal Security Committee about what it is that has caused action to be taken, administrative action to be taken, within the Department of State, to be taken against the gentleman you named, the kind of actions he carried out, what the law said, how he met the law, how he didn't meet the law. This is all a matter that is going to be heard by the State Department Board. Then it will be heard by the Civil Service Commission for review. Then it can be discussed in the courts.

In the meanwhile, the appropriate Subcommittee can have all the information that it requires as to why Secretary Rusk has taken the action that he has. I think that is the best procedure. And I can assure you that I will examine the matter myself, when it comes time, as the Secretary of State will, who bears the responsibility, when it comes time to take any disciplinary action, if such a time does come.

Price Increases

Q: Mr. President, last spring there were selective price increases in steel, recently there have been price increases in steel. Are you concerned about these increases, sir, and do you feel you are going to take any action about them?

A: Well, we are watching very carefully the rises which have taken place in certain industries. This country has avoided an inflationary spiral. We see no reason why there should be one now. The wholesale price index has remained relatively constant for five years. We are concerned that price increases in one or two basic areas may stimulate other price increases which will affect adversely our competitive position abroad, and therefore affect our balance of payments, therefore affect our national interest.

In addition, profits are at a record high now. They have never been higher in history, and the whole year of 1963 looks very good, and, therefore, we should be concerned also with reducing prices as well as increasing

ing, we are watching the matter with concern and will continue in the days ahead to do so.

Financing of Wheat Deal

Q: Mr. President, has there been an official ruling that giving commercial credits to Russia would not violate the Johnson Act?

A: Yes, that is correct, because it is not a government-to-government transaction.

Q: It is not a government-to-government?

A: It is not a government-to-government. These are private traders that will be involved and the credit will be granted by banks. In the case of Canada, as you know, the terms were 25 per cent down, 25 per cent then for every six months for a period of 18 months. But because the interest rate was of a certain figure, I think 4½ per cent, the Soviets decided to pay cash and, therefore, paid something like 80 per cent cash. We will be dealing on the same matter with them on interest rates. Our interest rates would be slightly higher than the Canadian rate, possibly, under the private commercial system, and it may be that they will decide, therefore, to pay a very large percentage in cash.

But I have gotten a ruling from the Department of Justice that this does not contravene existing laws, particularly the Johnson Act.

Q: Will the grain dealers take the risk, then?

A: The grain dealers will take the risk with the private banks.

Q: Mr. President, former head of the CIA Allen Dulles said in an interview

in the Journal-American today that reports of disputes between the CIA and the State Department and various branches of the government in South Viet-Nam have arisen because of "a lack of a clear-cut operational policy in Washington." He goes on to say that what he thinks is needed is less back-biting between U.S. agency officials. In view of the defense that you just gave CIA, would you care to agree with the Dulles charge or contest it?

A: I would agree with the last part of it, that the agencies—as we all know, they are faced with a very difficult problem in South Viet-Nam, which we are all familiar with, both on the military and political side. Men have different views about what actions we should take, and they talk to members of the press, to all of you, in Saigon and here in Washington. But I must say that as of today, and I think this is particularly true since General Taylor and Secretary McNamara came back, I know of no disagreement between the State Department at the top, CIA at the top, Defense at the top, the White House and Ambassador Lodge, on what our basic policies will be and what steps we will take to implement it. If down below there is disagreement, I think in part it will be because they are not wholly informed of what actions we are taking. Some of them are necessarily confidential. But I think our policy,

it's not say what effect it is going to have, I think we are in agreement about what we ought to do. I would think that Saigon, and personnel in the various agencies, should support that policy, because that is the policy we are going to carry out for a while.

Telling of Wheat Deal

Q: Mr. President, if I understood you correctly on the wheat statement, you said the Russian people will know they are receiving American wheat.

A: That is correct.

Q: Is that by some agreement with the Soviet Union or how would that come about?

A: No, we have our own means of informing the Soviet Union. As you know, for many months the Voice of America has not been blocked, for example, and, therefore, we believe we have adequate means to inform the Russian people of the arrangement.

In addition, I am not sure that there is any reason for the Russians themselves to keep it quiet as it is a commercial transaction. But in any case, we have the means to provide that knowledge.

Domestic Politics

Q: Mr. President, as the election year approaches, there is an unusual amount of political activity already, as the questions reflect. I wonder if you would give us your thinking as an experienced politician as to the prime assets of your Administration next year, and the prime liabilities of your Administration?

A: I think you would not want to ask me only have a

relatively short time, I think we ought to make a judgment on that in 1964, and I say that without any—a lot of these matters we will have to decide whether the United States is better off economically than it was before, and whether our position in the world has improved, and whether our prospects for peace are greater, and whether our defenses are stronger, and whether we are making progress at home and abroad. That is a matter which seems to me will be argued very strongly in '64. For example, we make a judgment about the state of the economy in '64. I think if they pass our tax bill, we are going to be able to demonstrate a very successful, ebullient economy for a period of four years. If they do not, we will have a different situation. I cannot tell what our relations will be in Southeast Asia a year from now. I know what results our policy is attempting to bring. But I think that result ought to be judged in the summer of 1964 and the fall of 1964, and I have hopes that the judgments will be that the economy is moving ahead, that the rate of growth has been almost \$100 billion, will have been from about \$500 billion to \$600 billion, that we are substantially stronger militarily, that the chances of war have been reduced over Berlin and perhaps in other areas. But I would not want to make those judgments now, because I think we still have a long way to go before next summer, and I think that to say this is the end of the road would be a mistake. I think we ought

to be judged by what we do the West and South, political impressions?
A: I would say we are going to have a hard, close fight in 1964, but that has been my impression for a good many months.
The Press: Thank you, Mr. President.